

STATE OF SOUTH CAROLINA  
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2016-223-E

In the Matter of:	)	
	)	
	)	
Petition of South Carolina Electric	)	
& Gas Company for Updates and	)	PETITION FOR REHEARING OR
Revisions to Schedules Related to	)	RECONSIDERATION
the Construction of a Nuclear Base	)	
Load Generation Facility at	)	
Jenkinsville, South Carolina	)	

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The South Carolina Coastal Conservation League hereby petitions the Public Service Commission of South Carolina for rehearing or reconsideration of Order No. 2016-794, which approved an \$831.3 million increase in the estimated capital cost of two new nuclear units being financed by South Carolina Electric & Gas Company’s customers, without requiring cost-effective energy efficiency measures to mitigate the severe rate impacts of the project on those customers.

Pursuant to S.C. Code Ann. Section 58-27-2150 and Commission Rules 103-825 and 103-854, the South Carolina Coastal Conservation League (“CCL”) respectfully urges the Public Service Commission of South Carolina (the “Commission”) to reconsider its November 28, 2016 Order Approving SCE&G’s Request for Modification of Schedules (the “Order”) for two new 1,117 megawatt nuclear units under construction at the V.C. Summer Nuclear Station near Jenkinsville (the “Units”). Through expert testimony presented at the evidentiary hearing in this matter, CCL recommended that the Commission condition any approval of the increased cost estimate on a requirement that

SCE&G take steps to boost savings from its energy efficiency programs to help customers save money on their electric bills in the face of rate increases due to financing construction of the Units. CCL respectfully submits that the Commission erred in ignoring this evidence and declining the recommendations therein, and urges the Commission to reconsider its Order and correct these errors.

In support of this petition, CCL states as follows:

This matter came before the Commission on a petition filed by South Carolina Electric & Gas Company (“SCE&G” or “the Company”) under Section 58-33-270(E) of the Base Load Review Act (“BLRA”). SCE&G’s petition, as modified by a Settlement Agreement among certain parties, requested that the Commission approve an updated construction schedule and an \$831.3 million increase in the capital cost schedule for the Units. Hearing Ex. 1 at 13.

The BLRA requires the Commission to approve an updated cost schedule only if it finds that changes to previously approved schedules, estimates, findings or conditions “are not the result of imprudence on the part of the utility.” S.C. Code Ann. § 58-33-270(E)(1). In this regard, the BLRA balances utilities’ need to for timely recovery of financing costs with the need to “protect[] customers” of utilities from responsibility for wasteful or avoidable costs. *South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm’n*, 388 S.C. 486, 495, 697 S.E.2d 587, 592 (2010).

Under the BLRA, once an increase in the capital cost schedule is approved, the utility is entitled to recover its financing costs through rates. S.C. Code Ann. § 58-33-280. At the time of the hearing in this matter, SCE&G had already raised rates *eight times* to recover over \$1 billion in financing costs of the Units under the BLRA. As the

Commission is aware, it recently approved a request for revised rates in Docket No. 2016-224-E, which will increase the average residential customer's bill by \$4.44, to \$148.11—with a staggering \$27.61 or **18.64% of the bill** attributable to the construction of the Units. Order No. 2016-758, Hearing Ex. 5 at 2.

Hundreds of SCE&G customers commented or testified in this proceeding that they struggle to pay their bills due to the repeated rate increases under the BLRA, and sometimes must choose between paying their electric bills and buying food or medicine. *See, e.g.*, Tr. Vol. 2 (transcript of October 4, 2016 public night hearing in Columbia). CCL witness Alice Napoleon testified that low-income customers, in particular, typically contribute a very high portion of their disposable income toward their energy bills, and experience significant benefits from adopting energy efficiency measures. Tr. Vol. 1, p. 311.

If rates will increase as a result of a modification to the cost schedule for the Units, as they inevitably will here, the Commission should require SCE&G to take steps to cushion the impacts of that increase on customers. Such mitigating steps are clearly within the ambit of this proceeding—for example, to help reduce the impact of the Units on customer bills, the Settlement Agreement approved in the Order slightly reduces SCE&G's approved return on equity ("ROE") for revised rates filed after January 1, 2017.

The Commission also recognized this principle when it correctly denied SCE&G's motion to strike the testimony of Ms. Napoleon, stating that her testimony "may suggest methods by which an increase in capital costs to the Company's customers may be mitigated to some degree." Order at 26. Like the reduction in SCE&G's

approved ROE, expanded and enhanced energy efficiency programs would help to cushion the repeated rate increases attributable to the Units. Yet the Order provides no indication that the Commission actually considered Ms. Napoleon's testimony, despite finding it relevant. This failure to consider relevant testimony was erroneous.

Ms. Napoleon, an expert in electric system policy, offered extensive testimony describing how "a robust energy efficiency portfolio could help customers to mitigate the bill increases related to the new V.C Summer units." Tr. Vol. 1, p. 337. She explained that SCE&G's efficiency portfolio compares poorly to those of other electric utilities in the Southeast, and savings are projected to remain low. Tr. Vol. 1, pp. 314-15. Ms. Napoleon concluded that increasing energy efficiency savings to 1.5 percent of residential sales would likely reduce customer bills by about 1.6 percent, on average. Tr. Vol. 1, p. 306. In contrast, if SCE&G maintained its projected level of efficiency savings, it would forego \$214 million in net benefits to customers, and reduce bills by only 0.5 percent. Tr. Vol. 1, pp. 324-25. Ms. Napoleon made concrete recommendations on how SCE&G's efficiency programs could be improved to allow customers to realize greater bill savings, and to give more customers the opportunity to participate. Tr. Vol. 1, pp. 316-22. The Commission erred in disregarding this testimony and its recommendations, which were "aimed at expanding SCE&G's energy efficiency programs to allow all customers the opportunity to lower their bills in an environment of rising rates." Tr. Vol. 1, p. 337, Hearing Exh. 7.

As the Commission recognized by denying SCE&G's motion to strike, Ms. Napoleon's testimony is relevant under the BLRA, which balances the utility's need for timely recovery of financing costs with the need to protect customers. The Order,

however, other than in ruling on SCE&G's motion to strike, is entirely silent on Ms. Napoleon's testimony and the recommendations therein. The face of the Order provides no indication that in rendering its decision to approve an 831.3 million dollar cost increase to be financed by customers—which will inevitably drive up rates for customers who are already suffering from high bills due to construction of the Units—the Commission devoted any consideration whatsoever to the relevant evidence presented by Ms. Napoleon. This was clear error.

In their testimony, SCE&G's own witnesses acknowledged the relevance of energy efficiency to this proceeding, and its potential to help customers lower their bills. SCE&G witness Kevin Marsh agreed that energy efficiency programs can help customers reduce their bills. Tr. Vol. 1, p. 128. SCE&G witness Joseph Lynch testified that although increasing energy efficiency would not change the economics of building the Units, Tr. Vol. 4, p. 842, that cost-effective energy efficiency reduces total system costs for customers, Tr. Vol. 4, p. 845, and provides customers with the opportunity to save money on their bills, and that low-income programs in particular help customers, Tr. Vol. 4, p. 847. The Commission did not discuss or even acknowledge this evidence in its Order. As with the testimony of Ms. Napoleon, the Commission erred in entirely disregarding this evidence.

In light of SCE&G's obligation to mitigate the rate and bill impacts of the construction of the new V.C. Summer Units on customers, the Commission erred in issuing its Order without considering the record evidence that energy efficiency could reduce those impacts. Accordingly, CCL respectfully urges the Commission to grant

reconsideration of the Order, to correct the errors set forth above, and to grant the following relief:

1. Establish an annual energy efficiency savings goal for SCE&G of 1.5 percent of residential sales.
2. Require SCE&G to develop and deliver ENERGY STAR New Homes and Home Performance with ENERGY STAR programs; restore its residential ENERGY STAR Lighting program; expand the availability and offerings of the NEEP program; develop new programs to promote high-efficiency new manufactured housing, increase access to financing for commercial and industrial customers, and incentivize residential high-efficiency appliances; develop a low or no-cost financing program; and implement the recommendations in CCL witness Napoleon's testimony with regard to strategies to educate customers and increase participation in other energy efficiency programs, such as advertisements, bill inserts, point-of-purchase displays, and presence at community events.
3. Direct SCE&G to file a proposal within six months detailing how it plans to implement these changes to its energy efficiency programs and meet its goal of achieving 1.5 percent annual residential energy efficiency savings.

Respectfully submitted this 8th day of December, 2016.

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CERTIFICATE OF SERVICE

I certify that the following persons have been served with one (1) copy of the foregoing Petition to Intervene by U.S. First Class Mail, postage prepaid at the addresses set forth below:

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